MINUTES OF MEETING

BOARD OF DIRECTORS

REGULAR MEETING

THE WOODLANDS TOWNSHIP

APRIL 22, 2009

THE STATE OF TEXAS §
COUNTIES OF HARRIS & MONTGOMERY §

The Board of Directors of The Woodlands Township, met in regular session, open to the public, on April 22, 2009, posted to begin at 9:00 a.m. The meeting was held in the Meeting Room at the Township's Office, 10001 Woodloch Forest Dr., Suite 600, The Woodlands, Texas, within the boundaries of the Township. The roll was called of the duly elected and appointed members of the Board of Directors, to wit:

Nelda Luce Blair Lloyd W. Matthews Bruce Tough Chairman Vice-Chairman Second Vice-Chairman Vicki D. Richmond Treasurer/Assistant Secretary

Alex Sutton III Secretary
Thomas Campbell Director
Kemba DeGroot Director
Peggy S. Hausman Director
Claude Hunter Director
Edmund W. Robb III Director
Robert C. Kinnear Director

with all of said persons being present, excluding Director Robb, thus constituting a quorum. Also present for conducting business and assisting Board members were Don Norrell, Nick Wolda, Steve Sumner, Anjanette Sauers, Mike Page, John Powers, J.R. Moore, Jr., Marcy Hicks, Susan Welbes, Scott Arnim, Chip Van Steenberg, Mayor Fred O'Connor, Marian Leck, Dave Hopkins, Renee Williford, and Kristin Freeman.

Prior to conducting business, Chairman Blair recognized receipt of a United States flag from the Honorable Kevin Brady. This flag was flown over the United States Capitol on February 13, 2009 in honor of the Elected Officials Reception.

Chairman Blair then called the meeting to order at 9:01 a.m. She announced that a quorum was present and that sufficient notice of this meeting had been duly posted as required by law. Chairman Blair then requested a motion to adopt the agenda. Director Hunter moved to adopt the agenda. The motion was seconded by Director Campbell and passed unanimously.

Next, Chairman Blair recognized the following public officials attending the meeting:

- Garry Watts-Mayor, City of Shenandoah
- Chip Van Steenberg-Administrator, City of Shenandoah
- Fred O'Connor-Mayor, City of Oak Ridge North
- Paul Mendes-Manager, City of Oak Ridge North
- J.R. Moore, Jr.-Montgomery County Tax Assessor/Collector
- Paul Martin-Director, MUD No. 67

A copy of the Public Official's Sign-In Sheet is attached hereto as Exhibit "A".

Chairman Blair then called on names from the Public Comment Roster. The following individuals addressed the Board:

- Tom Sifferman-Over 65 tax exemption
- John Risher-Over 65 tax exemption
- Paul Martin-Over 65 tax exemption

A copy of the Public Comment Roster is attached hereto as Exhibit "B".

Next, Chairman Blair asked the Board to recognize the contributions of Bruce Withers, former President of Mitchell Energy and Development Corporation and a member of the first Town Center Improvement District Board of Directors. Chairman Blair called on Vicki Richmond, The Woodlands Township Board of Directors, to make a few remarks. Director Kinnear also shared a few comments and Chairman Blair recognized the loss of a dear friend who contributed greatly to where The Woodlands is today. An article written by Jake Muonio, *The Woodlands Villager*, on the passing of Bruce Withers is attached hereto as Exhibit "C".

Chairman Blair then asked the Board to recognize the accomplishments of The Woodlands High School Girl's Swimming Team as the 2009 Class 5A State Champions. Attending the Board meeting were senior swimmers and their coach, Kent Kirchner. Chairman Blair recognized the accomplishments of all the swimmers and then presented them a certificate of recognition.

Board members were next asked to recognize The Woodlands resident Bonnie Hubert as Mrs. Texas International 2009. Chairman Blair noted that Mrs. Hubert will be competing for the title of Mrs. International on July 18, 2009 in Chicago. Following the Chairman's remarks, Mrs. Hubert was presented with a certificate in honor of her accomplishments.

The Board was then asked to consider and act upon approval of the March 25, 2009 regular meeting and the March 25, 2009 special meeting of the Board of Directors for The Woodlands Township. Director Campbell moved to approve the minutes as written and Director Hunter seconded

the motion. The motion passed unanimously. Copies of the above referenced meeting minutes are attached hereto as Exhibits "D" and "E", respectively.

Next. Chairman Blair asked Board members to receive and consider a report from the Community Associations of The Woodlands. John Powers, Co-Interim General Manager of The Woodlands Community Associations, presented the report. Packets of information containing a written summary of the Community Associations' Board agenda matters, Monthly Report for March 2009, and The Woodlands Community Policing Report for March 2009 were distributed to Board members. Additionally, a report on Media Coverage for the dates March 21-April 20, 2009 was presented. The Community Associations' reports are attached hereto collectively as Exhibit "F". No action was necessary on this item.

Chairman Blair next asked the Board to receive and act upon the Financial Report as of and for the three months ended March 31, 2009.

Chairman Blair called on Anjanette Sauers, Financial Services Manager for The Woodlands Township, to present this item. Ms. Sauers referred the Board to the Financial Statements in their meeting books. After a review of the Financial Statements and Monthly Investment Report, Ms. Sauers referred the Board to the sales tax data and graph, the hotel occupancy tax data and graph, and the March 2009 City Sales Use and Tax Comparison Summary. Following Ms. Sauers' presentation, Director Kinnear moved to accept the Financial Report as presented and the motion was seconded by Treasurer Richmond. The motion passed unanimously. A copy of the Financial Report for the three months ended March 31, 2009 is attached hereto as Exhibit "G".

The Board was then asked to consider and act upon adoption of a Resolution establishing residential homestead exemptions from ad valorem taxation for The Woodlands Township. Chairman Blair called on Don Norrell, President for The Woodlands Township, to present this item.

Mr. Norrell provided the Board with background information and then recommended that the Board consider the following questions as part of their decision making process:

- Does The Woodlands want to provide an exemption for Over 65 households?
- If yes to #1, should a property tax exemption be provided in 2009 or should the implementation of an exemption be deferred to a future date when the financial impact of the consolidation is known?
- If the consideration is for tax year 2009, what is the amount of the property tax exemption that should be granted for Over 65 households?

Following Mr. Norrell's presentation, J. R. Moore, Jr., Montgomery County Tax Assessor/Collector, was called on to make a brief presentation. Mr. Moore updated the Board about a change in the total number on the tax rate. He also pointed out that the tax exemption is for Over 65 and Disabled. A period of discussion followed with Director Hausman

questioning why the Board was talking about a tax exemption prior to setting a tax rate. Chairman Blair asked if there were any further questions for Mr. Moore. As there were none, Director Kinnear then, in response to the first question posed to the Board, moved to grant an exemption for Over 65 households. Director Campbell seconded the motion. After clarification, Director Kinnear amended his original motion to include disabled and Director Campbell accepted this amendment. A lengthy period of discussion followed with Board members sharing their thoughts about granting a tax exemption. Vice-Chairman Matthews then called for the question. After restating the motion, Chairman Blair called for a vote. The motion passed with Directors Blair, Campbell, DeGroot, Hunter, Kinnear, Matthews, Richmond, and Tough voting "yes" and Directors Hausman and Sutton voting "no". Following the vote, Secretary Sutton asked Mike Page, legal counsel for The Woodlands Township, if the

motion just voted on was legal. Mr. Page responded that the motion was legal, but nonbinding.

In response to the second question posed to the Board, Vice-Chairman Matthews moved not to provide an exemption for tax year 2009 and wait until 2010 to review when to implement an exemption and at what amount. The motion was seconded by Director DeGroot. Discussion continued with Director Hunter voicing that he would like to see a nonbinding referendum on this item.

Mr. Page was then called on to clarify questions regarding the exemption. Mr. Page noted that an exemption is not effective and not binding unless three decisions have all been established: (1) granting an exemption. (2) setting an effective date, and (3) setting an amount. Secretary Sutton then offered an amendment to the motion to consider implementation of a date in 2010. The amended motion was accepted by Vice-Chairman Matthews and Director DeGroot. Chairman Blair then

called for a vote. The motion passed with Directors Blair, DeGroot, Hausman, Hunter, Matthews, and Sutton voting "yes" and Directors Campbell, Kinnear, Richmond, and Tough voting "no". Copies of the Executive Summary and accompanying material are attached hereto collectively as Exhibit "H". A copy of Mr. Moore's handout material dated April 22, 2009 is attached hereto as Exhibit "I".

Next, the Board was asked to consider and act upon a recommendation from the Executive Committee to retain Gallagher Benefit Services, Inc. (GBS) to assist The Woodlands Township and The Community Association of The Woodlands with employee benefit matters through the transition of services process with an RFP/Q to be sent to interested firms in 2010. Don Norrell provided opening comments and then called on Susan Welbes, Director of Human Resources for the Community Associations of The Woodlands and Marcy Hicks, Human Resources Manager for The Woodlands Township, to provide additional

information. Ms. Welbes referred the Board to an outline and timeline of services provided by GBS in their meeting books. Following Ms. Welbes' presentation, Director Campbell moved to approve retaining the services of Gallagher Benefit Services, Inc. Director Hunter seconded the motion with an amendment to add an RFP/Q for 2010. Director Campbell accepted the amendment. The floor was opened for discussion and then the Chairman called for a vote. The motion passed unanimously. Copies of the Executive Summary and accompanying documents are attached hereto collectively as Exhibit "J".

Chairman Blair then asked the Board to receive and consider an update on a law enforcement plan for 2010 for The Woodlands Township. The Chairman called on Don Norrell to present this item. Mr. Norrell provided background information to the Board on the item. The Board was informed that due to ongoing discussions with the Sheriff's Department not all the specifics of a law enforcement plan were

available at the present time. Mr. Norrell described a conceptual idea of a law enforcement plan that would include a comprehensive community policing plan as well as a tourism oriented policing plan for law enforcement. A final law enforcement plan is expected to be completed in a month to six weeks. The final law enforcement plan will then be presented to the Board for consideration during the budget process. Following Mr. Norrell's report, the Board engaged in discussion and a question and answer period. No action was necessary on this item. Copies of the Executive Summary and a map of The Woodlands Township District with patrol zones are attached hereto collectively as Exhibit "K".

Next, the Board was asked to consider and act upon the 2010 budget appropriations for Inter-local Agreements with the City of Shenandoah and City of Oak Ridge North. Don Norrell was called on to present this item. Mr. Norrell's comments focused on the partnership shared between The Woodlands Township and the Cities of Shenandoah and Oak Ridge

North. Additionally, Mr. Norrell referenced language in the original legislation concerning the net negative impact of development within the district on the impact area.

Following Mr. Norrell's remarks, Chip Van Steenberg, Administrator for the City of Shenandoah, and Mayor Fred O'Connor from the City of Oak Ridge North addressed the Board. Each speaker reviewed the policing efforts provided by their city and reasons why The Woodlands Township should continue funding policing services.

At the conclusion of the presentations, Chairman Blair asked if there was a motion to redirect the funding of police services to the former negative impact areas (City of Oak Ridge North and the City of Shenandoah) to fund the public safety needs within the Township beginning in 2010. No such motion was offered. The Chairman then asked if there was an alternative motion. Second Vice-Chairman Tough moved to continue funding policing services to the City of Oak Ridge North and

City of Shenandoah in 2010 in the amount of \$216,472. The motion was seconded by Director Hausman. The floor was then opened to discussion. Director DeGroot agreed with the motion, but commented that the Board should start looking at staging some type of withdrawal of funds. Secretary Sutton offered an amendment to continue funding at some level following analysis as part of the 2010 budget process. Second Vice-Chairman Tough agreed to revise his original motion to continue funding policing services to the Cities of Oak Ridge North and Shenandoah in 2010 with an amount to be determined during the 2010 budget process. Director Hausman accepted this revision. Discussion continued on whether a dollar amount should be included in the motion and if so, at what amount. Vice-Chairman Matthews offered an amendment to consider funding policing services at an amount of \$200,000. Second Vice-Chairman Tough revised his original motion to include funding policing There was further services at an amount not-to-exceed \$216,472.

discussion and then Mr. Norrell remarked that final review of this item would be made during the 2010 budget process following a clearer understanding of the services provided by the City of Shenandoah and City of Oak Ridge North.

Following discussion, Second Vice-Chairman Tough moved that the Board of Directors continue funding police services provided by the City of Oak Ridge North and City of Shenandoah for the public safety needs within the Township in an amount not-to-exceed \$216,472 for each city and be included in the law enforcement plan for 2010. Director Hausman removed her second. Director Hunter seconded the motion and then Chairman Blair called for a vote. The motion, in final form, passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "L". Copies of Mr. Van Steenberg's and Mayor O'Connor's presentations are attached hereto as Exhibits "M" and "N", respectively.

Next, Chairman Blair recessed at 11:15 a.m. for a ten minute break. The meeting reconvened at 11:25 a.m.

The Board was then asked to consider and act upon a recommendation from the Executive Committee to award a three year service agreement with Alpha & Omega Mounted Security Patrol for courtesy mounted patrol services and authorize the President for The Woodlands Township to execute an agreement in connection therewith. Chairman Blair called on Don Norrell to present this item. Following Mr. Norrell's comments, Marian Leck, Public Safety Manager for The Woodlands Township, was called on to provide additional information to the Board. Ms. Leck reviewed the RFP/Q process and point rating system used in the evaluation process. Following Ms. Leck's presentation, Vice-Chairman Matthews moved to approve the Executive Committee's recommendation and award a three year service agreement with Alpha & Omega Mounted Security Patrol for courtesy mounted patrol services and authorize the President for the Township to execute said agreement. The motion was seconded by Secretary Sutton. The floor was then opened for discussion. Following discussion, Chairman Blair then called for a vote on the motion. The motion passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "O".

Next, the Board was asked to consider and act upon authorizing the annual destruction of records under an approved records retention schedule. Chairman Blair called on Marcy Hicks to present this item. Ms. Hicks informed the Board that certain financial records had met their retention period and were ready to be disposed. Following Ms. Hicks' presentation, Director Campbell moved to authorize the destruction of records under an approved records retention schedule. Treasurer Richmond seconded the motion After a period of brief discussion, the Chair called for a vote. The motion passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "P".

Members of the Board were then asked to consider and act upon the proposed extension of The Woodlands Township's current banking and depository service agreement with Woodforest National Bank. Chairman Blair called on Anjanette Sauers to present this item. Ms. Sauers informed the Board that the proposed extension is within the five year term set out in the original proposal approved by the Board. At the conclusion of Ms. Sauers' presentation, Director Campbell moved to approve an extension of the current banking and depository service agreement with Woodforest National Bank through July 31, 2010. Vice-Chairman Matthews seconded the motion and it passed with Directors Blair, Campbell, DeGroot, Hausman, Hunter, Kinnear, Matthews, Sutton, and Tough voting "yes" and Treasurer Richmond abstaining. Copies of the Executive Summary and a listing of current banking relationships and account balances are attached hereto collectively as Exhibit "Q". Resolution Approving The Extension Of The Current Designated Bank

Depository Agreement For A One-Year Period With Woodforest National Bank is attached hereto as Exhibit "R".

Chairman Blair next asked the Board to consider and act upon approval of proposed dates for budget meetings in connection with the development of the 2010 budget of The Woodlands Township. Vice-Chairman Matthews moved to approve the proposed dates for budget workshop meetings. The motion was seconded by Director Campbell and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "S".

The Board was then asked to consider and act upon establishing a Board policy giving the Chairman of the Board the authority to provide a proclamation for groups or events, on behalf of the Board of Directors of The Woodlands Township. Director Hausman moved to approve the establishment of a Board policy giving the Chairman of the Board the authority to provide a proclamation for groups or events on behalf of the

Board of Directors of The Woodlands Township. Director Campbell seconded the motion. Discussion followed and then the Chair called for a vote. The motion passed unanimously. A copy of the Executive Summary and a sample proclamation are attached hereto as Exhibits "T" and "U", respectively.

Next, Chairman Blair asked the Board to consider and act upon the purchase of computer equipment and related software and licenses for The Woodlands Township through the State of Texas Department of Information Resources Go DIRect program. Director Kinnear moved to approve the purchase and installation of computer equipment, related software and licenses for The Woodlands Township through the State of Texas Department of Information Resources Go DIRect Program at a cost not-to-exceed \$107.415. Treasurer Richmond seconded the motion. A period of discussion followed and then Dave Hopkins, President of Micro-Mainframe Consultants, Inc., was called on to provide clarification and

answer questions. As there was no further discussion, Chairman Blair called for a vote. The motion passed unanimously. A copy of the Executive Summary and supporting document are attached hereto as Exhibits "V" and "W", respectively.

Board members were then asked to consider and act upon a proposal from Rede Solutions to provide programming services and choreography layout of four patriotic songs for the fountain at Waterway Square and authorize the President for The Woodlands Township to execute the proposal in connection therewith. Director Hunter moved to approve the proposal with Rede Solutions as stated at an amount not-toexceed \$25,000. The motion was seconded by Secretary Sutton. The floor was then opened for discussion. At this time, Steve Sumner was called on to provide information and answer questions from the Board. Director Hausman asked several questions regarding the programming and selection of songs for the fountain at Waterway Square. Secretary Sutton,

as a member of The Woodland Township Public Facilities Administration Committee, responded to these questions. Following Board discussion, the Chair called for a vote. The motion passed with Directors Blair, Campbell, DeGroot, Hunter, Kinnear, Matthews, Richmond, Sutton, and Tough voting "yes" and Director Hausman voting "no". A copy of the Executive Summary is attached hereto as Exhibit "X".

Next, Chairman Blair asked members of the Board to receive and consider an quarterly update from The Woodlands Convention and Visitors Bureau (CVB). Nick Wolda, President of The Woodlands CVB, was called on to present this item. Mr. Wolda referred the Board to his report in their meeting books and then made a few brief comments. Chairman Blair thanked Mr. Wolda for his report and then informed the Board that no action was needed on this item. A copy of the Executive Summary is attached hereto as Exhibit "Y". A copy of the CVB's financial report for the three months ended March 31, 2009 is attached hereto as Exhibit "Z".

At 12:00 p.m., the Board recessed to Executive Session to discuss matters relating to real property pursuant to §551.072, Texas Government Code; deliberation of economic development negotiations pursuant to §551.087, Texas Government Code; and to discuss personnel matters pursuant to §551.074, Texas Government Code.

The Board reconvened in Public Session at 12:21 p.m. Chairman Blair announced that it would be necessary to take action at this time.

Chairman Blair then asked the Board to consider and act upon a Memorandum of Understanding with The Cynthia Woods Mitchell Pavilion regarding an events admission charge and authorize the Chairman of the Board to execute the Memorandum of Understanding in connection therewith. Director Kinnear moved to approve the Memorandum of Understanding as stated. Director DeGroot seconded the motion. As there was no further discussion on this item, the Chair called for a vote. The motion passed with Directors Blair, DeGroot, Matthews, Richmond,

Hunter, Kinnear, and Tough voting "yes" and Directors Campbell and

Hausman voting "no". Director Sutton abstained.

The Chairman next called for Administrative Reports. Due to time

constraints, the Administrative Reports were not given.

Next, Board members were asked to consider items to be placed on

the agenda for the next meeting. Director Hausman asked to discuss

having two meetings a month and moving the meeting time to 7:30 a.m.

Director Campbell asked that the Board discuss transparency of the

Township's expenses and books.

Chairman Blair then asked the Board if there were any

announcements. There were no announcements.

As there were no further matters to come before the Board,

Chairman Blair called for a motion to adjourn. Secretary Sutton moved to

adjourn the meeting. The motion was seconded by Director Hunter and

passed unanimously. The meeting was adjourned at 12:22 p.m.

(SEAL)
Directors

Alex Sutton III
Secretary, Board of